

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 4-14-99

BILL NO. SB101

OR

SUBJECT Distribution of
WRS Newsletter

(NAME) Joe Joyce - SB101

618 Vernon Ave
(Street Address or Route Number)

Madison WI 53714
(City and Zip Code) to work
needs to be back by 4pm
(Representing)

Speaking in Favor: ☒

Speaking Against: ☐

Registering in Favor: ☐
but not speaking:

Registering Against: ☐
but not speaking:

Speaking for information only; Neither for nor against: ☐

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms

State Capitol - B35 South

P.O. Box 7882

Madison, WI 53707-7882

SB 101



STATE OF WISCONSIN

Department of Employee Trust Funds

Eric O. Stanchfield

Secretary

801 West Badger Road

P.O. Box 7931

Madison, WI 53707-7931

April 12, 1999

Honorable Robert Wirsch, Chair
Senate Committee on Economic Development,
Housing and Government Operations
310 South, State Capitol
Madison, WI 53702

Subject: Senate Bill 101

Dear Senator Wirsch:

Thank you for giving us this opportunity to comment on SB 101 that requires the Department of Employee Trust Funds to distribute to all inactive participants of the Wisconsin Retirement System (WRS) any publications that we periodically distribute to active employees and annuitants.

Currently, we communicate with active employees and annuitants through the *Trust Fund News*, which we publish three times a year. Beginning in May 1999, we will be sending our first edition of the newsletter to inactive participants (former employees that have left their contributions on deposit with the WRS). We have valid addresses for approximately 76,000 inactive participants in the WRS.

The Department is very supportive of the intent of the bill as we are continually striving to improve communications with all WRS participants; actives, retirees and inactive. Unfortunately, due to the high costs associated with printing and mailing our newsletter and our limited administrative budget, we are not able to distribute the *Trust Fund News* to inactive participants more than once a year.

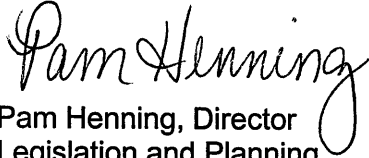
An additional deterrent in sending periodic publications to all inactive participants is the lack of valid addresses for the remaining 24,500 inactive participants. In order for the Department to secure more current addresses for the remaining inactive participants, we may need to contract with a locator service, which can charge up to \$50 per person.

The Department believes this bill will enable us to provide pertinent information to all members of the WRS regardless of their status. Through additional distribution of the *Trust Fund News*, our inactive participants will be more informed members, and the Department will meet its mission to provide essential services to all beneficiaries of the trust. However, any change in distributing publications of the *Trust Fund News* to inactive participants will require more funding.

Senator Wirch
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We are willing to work with the Committee to include an amendment that will provide the necessary funding for the Department to implement this bill. Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Pam Henning". The signature is written in black ink and is positioned above the printed name and title.

Pam Henning, Director
Legislation and Planning

cc: Members of the Committee
Senator Chuck Chvala
Secretary Eric Stanchfield

9:00 300 SE

minl
Last year / was SB 21

Members of the Committee on Economic Development,
Housing, and Government Operations, my name is Joe Joyce,
and I appear before you today in support of 1999 Senate Bill
101.

I want to thank Senator Chvala for his assistance in my
effort to resolve what I feel is a violation of the rights of certain
participants of the Wisconsin Retirement System.

I am what the Department of Employee Trust funds refers
to as an inactive participant.

I was an active participant of the Wisconsin Retirement
System from 1967 to 1988 while employed for the City of
Madison and later for Dane County.

During the period of 1991 through 1996, I continued to
make additional contributions to my WRS account as an
inactive participant.

In December 1996, I was notified I could no longer make
additional contributions to my WRS account due to legislation
which was enforced in May of 1996.

This concerned me -- that I was never informed of this
change by the Department of Employee Trust Funds.

Upon further investigation, primarily through contacts with several employees of the Department of Employee Trust Funds, I learned that while active and annuitant participants of the Wisconsin Retirement System are kept informed of these changes via the Wisconsin Department of Employee Trust Funds' *Trust Fund News* publication, inactive Wisconsin Retirement participants (like me) are "left in the dark" so to speak regarding information, whatever it may be, affecting our retirement accounts.

From data obtained from the Department, I have learned that over 244,000 active Wisconsin Retirement System participants receive the *Trust Fund News* publication three times a year which are general distributed internally by agency and/or department personnel.

99,000 retired annuitants also receive this publication via mail delivery.

Of almost 101,000 inactive participants, approximately 150 people receive this publication.

The rest of the inactive participants (of which I was one until ~~recently~~ ^{last year}) have never, and currently do not receive this publication or any other source of information pertaining to their accounts, with the possible exception of the Annual Statement of Benefits. Does this mean the people with bad addresses don't get a Statement of Benefits? *yes.*

The Annual Statement of Benefits simply references the balance of one's account, and does not speak to pending or enacted legislation which may affect ~~one's~~ ^{that} account.

I was told the Department has a system in place to provide copies to interested inactive members on an "as requested" basis.

I question the success of that system in that only approximately 150 people out of almost 101,000 inactive participants have requested to receive the *Trust Fund News*.

If inactive participants do not know that this publication exists, how can they ~~then~~ request it?

A notice was made in one issue addressing this problem, but inactive participants do not receive this publication.

I posed, to the Department, the question as to when and who decided that inactive participants were not to receive this publication.

No one could come up with a positive answer to this question.

I was told support for additional funding of this publication has not been a priority in past budgets.

An estimate obtained from a Department contact to cover printing and mailing costs of the *Trust Fund News* to inactive participants ~~three~~ ^{Two} times per year would be \$91,000.

\$91,000 seems like a small price to pay when the contributions of inactive Wisconsin Retirement System participants are still being used to enhance its holdings. *which*
are over 75 billion.

I was told the Department has many initiatives that require funding and that are critical to the Department's operation and all participants.

"All" participants, that is, except inactive participants.

Those priorities include funding requests to continue the Department's initiative to convert paper files to computerized images, implementation of various court decisions, and increase staff to meet the daily work demands to service its ever increasing participant base.

Is it appropriate that the inactive participants suffer at the expense of these "funding priorities?"

I was told the Department has "good" addresses for only 76,000 inactive participants.

I even offered a remedy to the Department's financial dilemma, but was told it would require the Legislature to change current law.

My suggestion is the Department use the money returned to the employee accumulation reserve from abandoned accounts to ^{help} pay for the administrative costs of mailing the *Trust Fund News* to all inactive members.

In closing, let me repeat my concern -- that inactive Wisconsin Retirement System participants, whose accounts are still being utilized to generate additional holdings for the system -- are not being treated in an equitable manner.

I hope that you will support this legislation which will require the Department to keep inactive participants aware of information affecting their accounts, just as active and annuitant participants are, via publications like the *Trust Fund News*.

It seems to me that it would be considered good business practice to include "all" participants, active, annuitants, AND inactives, in these mailings.

Thank you for your time and I would be happy to respond to any questions you may have.